

Summary of OIG & GAO Audit Reports and BLM Actions

1996 OIG Audit Report - Nevada Land Exchange Activities (96-I-1025). Audit closed 6/3/99.

Recommendations

- A1. Use competitive sale and exchange processes to the maximum extent possible.
- A2. Review and remove unneeded easements.
- A3. Establish controls re. plan conformance, valuation of lands, and decision documentation.
- B1. Prepared & submit Santini-Burton reports.
- B2. Ensure land exchanges within Santini-Burton area conform with requirements.

BLM Actions

- Included competitive exchange chapter in 1997 land exchange handbook.
- Direction in IM 97-08 and 1997 handbook.
- Emphasized in August 1997 handbook and reviewed Nevada land exchanges 11/96.
- IM 96-179 09/96 assigned to Business Center.
- SOL confirmed BLM authority for exchanges and R&PP transfers in Santini-Burton area.

1998 OIG Followup Audit Report -Nevada Land Exchange Activities (98-I-689). Closed 7/19/00.

Recommendations

- 1. Identify BLM land exchange program as material weakness.
- 2. Establish a "land exchange review team" that includes non-Bureau members.
- 3. Establish moratorium on Nevada land exchanges pending establishment of Team.
- 4. Ensure highest and best use determination in appraisals are supported.
- 5. Revise 1997 Handbook regarding appraisal review and dispute resolution processes.

BLM Actions

- Program reported as material weakness in 1998.
- National Land Exchange Team set up 11/98. Charter approved (A/S-PMB 1/99, BLM 2/99).
- Team established and activities limited to 6 Las Vegas area land exchanges.
- Reinforced in revised BLM Appraisal manual (Release 9-355) October 1999.
- BLM revised Chapter 7 & 8 of existing Land Exchange Handbook in June 1999.

2000 GAO Report - Land Exchanges Need To Reflect Appropriate Value and Serve the Public Interest - GAO/RCED-00-73.

Recommendations

1. Require review and approval of all land exchanges by Agency review teams or other designated officials before completion.
2. Review all Agreements to Initiate (ATI) for ongoing land exchanges for compliance with regulations. For example - *specifically and clearly describe lands that would be exchanged.*
3. Conduct an audit of financial records associated with assembled exchanges including escrow accounts and expenses deducted by third party facilitators.
4. Identify and discontinue land exchanges in which the BLM - either directly or through third-party facilitators - uses unauthorized competitive practices to hold funds and interest in escrow accounts rather than depositing in Treasury.

BLM Action

BLM revised its land exchange review and concurrence requirements in April 2000 (IM 2000-107). Incorporated in revised handbook .

Since May 1999 National Exchange Team has reviewed ATI's as part of the concurrence process. Requirement incorporated in revised Exchange Handbook.

The BLM contracted with Deloitte & Touche to conduct an agreed upon procedures review of financial records associated with 23 assembled land exchanges. Reports by September of 2002.

With IM 2000-113 & 2000-080 the BLM ceased these practices. The IM's directed an end to BLM involvement in existing escrow accounts holding deposits or interest in connection with land exchanges. The revised Handbook updates direction on escrow accounts & ledgers